

REPORT BY THE  
AUDITOR GENERAL  
OF CALIFORNIA

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STATE OF CALIFORNIA  
STATEMENT OF SECURITY ACCOUNTABILITY  
OF THE STATE TREASURER  
JUNE 30, 1984

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REPORT BY THE  
OFFICE OF THE AUDITOR GENERAL

F-446

STATE OF CALIFORNIA  
STATEMENT OF SECURITY ACCOUNTABILITY  
OF THE STATE TREASURER  
JUNE 30, 1984

JANUARY 1985



Telephone:  
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Thomas W. Hayes  
Auditor General

STATE OF CALIFORNIA  
**Office of the Auditor General**

660 J STREET, SUITE 300  
SACRAMENTO, CA 95814

January 31, 1985

F-446

Honorable Art Agnos, Chairman  
Members, Joint Legislative  
Audit Committee  
State Capitol, Room 3151  
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the State Treasurer's Statement of Security Accountability as of June 30, 1984, as required by Government Code Section 13299.1. We found that the statement presents fairly the security accountability of the State Treasurer as of June 30, 1984.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Tom Hayes".

for THOMAS W. HAYES  
Auditor General

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Members of the Joint Legislative Audit Committee  
State of California

We have examined the Statement of Security Accountability of the State Treasurer as of June 30, 1984. We made our examination in accordance with generally accepted auditing standards and Government Code Section 13299.1. Our examination included a count of all securities held for safekeeping purposes in the State Treasurer's vault and included such other tests of the accounting records and auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement presents fairly the security accountability of the State Treasurer as of June 30, 1984, in accordance with the basis of accounting described in Note 1.

This report is intended solely for the purpose of complying with the provisions of Government Code Section 13299.1 and is not intended for any other purpose.

OFFICE OF THE AUDITOR GENERAL

A handwritten signature in dark ink, appearing to read "Karl W. Dolk".

KARL W. DOLK, CPA  
Assistant Auditor General

Date: December 15, 1984

Staff: Phil Jelichich, CPA, Audit Manager  
Harriet Kiyan, CPA  
Don Roberts, CPA

**STATE OF CALIFORNIA**  
**STATEMENT OF SECURITY ACCOUNTABILITY OF THE STATE TREASURER**  
**JUNE 30, 1984**

<u>Account Title</u>	<u>Deposits in the State Treasurer's Vault</u>	<u>Deposits With Banks or Trust Companies</u>	<u>Securities in Transit</u>	<u>Total</u>
<u>Pooled Money Investment Account</u> <u>(Note 1)</u>				
Securities (Note 2)	\$ 331,261,923	\$ 8,546,250,360	\$ 249,000	\$ 8,877,761,283
Reverse Repurchase Agreements (Note 3)			1,827,829,932	1,827,829,932
Total	331,261,923	8,546,250,360	1,828,078,932	10,705,591,215
<u>Investments of Individual State Accounts</u>				
Antioch and Carquinez		3,475,000		3,475,000
California Housing Finance Agency	103,803,063	96,163,000		199,966,063
California National Guard		18,870,762		18,870,762
California Pollution Control Financing Authority		3,148,900		3,148,900
California Transportation Commission		8,750,000		8,750,000
First Time Home Buyers	2			2
Judges' Retirement System	520,000			520,000
Legislators' Retirement System	12,805,261	1,488,988		14,294,249
Public Employees' Contingency Reserve Fund	9,894,000	9,417,000		19,311,000
Public Employees' Retirement System	6,816,039,006	7,630,915,427	18,330,084	14,465,284,517
Special Deposit - Alice Burch	2,040	18,000		20,040
State Compensation Insurance Fund	1,198,042,448	312,955,000	6,604,133	1,517,601,581
State Controller	3,000	335,000		338,000
State Teachers' Retirement System	3,703,566,066	3,541,146,971	6,682,962	7,251,395,999
State Teachers' Tax Sheltered Annuities	810,000	6,025,000		6,835,000
Veterans' Debenture Revenue Fund		35,000,000		35,000,000
Volunteer Firefighters' Fund		191,000		191,000
Total	11,845,484,886	11,667,900,048	31,617,179	23,545,002,113
<u>Pledges to Secure Investments of the Pooled Money Investment Account</u>		130,104,622		130,104,622
<u>Pledges to Secure Bank and Savings and Loan Deposits of the State</u>				
Agency Bank Deposits	17,075,000	47,745,000		64,820,000
State Treasurer				
Demand Deposits	145,902,200	130,514,922		276,417,122
Time Deposits	110,989,859	2,088,864,094		2,199,853,953
Total	273,967,059	2,267,124,016		2,541,091,075

(Statement continued on next page)

<u>Account Title</u>	<u>Deposits in the State Treasurer's Vault</u>	<u>Deposits With Banks or Trust Companies</u>	<u>Securities in Transit</u>	<u>Total</u>
<u>Miscellaneous Pledges</u>				
Banking Department, State	12,394,539	64,268,249		76,662,788
Consumer Affairs, Department of	12,252,000	4,000		12,256,000
Corporations, Department of	1,336,000			1,336,000
Employment Development Department	33,493,972	142,100		33,636,072
Equalization, Board of	256,000			256,000
Franchise Tax Board	35,000			35,000
Industrial Relations, Department of	33,593,000			33,593,000
Insurance, Department of	3,658,227,194			3,658,227,194
Real Estate, Department of	3,965,000			3,965,000
Savings and Loan, Department of	1,265,000			1,265,000
State Lands Commission	3,857,969	51,000		3,908,969
Transportation, Department of	31,977,485	7,500,000		39,477,485
Trustees of California State University	109,000			109,000
Water Resources Control Board	629,363		4,000	633,363
Water Resources, Department of	2,595,000			2,595,000
Total	3,795,986,522	71,965,349	4,000	3,867,955,871
<u>General Safekeeping</u>				
Alan Gene Whitaker Reimbursement Fund	1			1
California Coastal Commission	6,140			6,140
Corrections, Department of	900,000	420,000		1,320,000
Developmental Services, Department of	12,114	2,194,000		2,206,114
Education, Department of	111,294	242,000		353,294
Quimby Island Reclamation District	156			156
Rehabilitation, Department of	17,103			17,103
Secretary of State	10,000			10,000
State Controller	9,225,896			9,225,896
State Treasurer Bearer bonds exchanged for registered bonds	456,631,000			456,631,000
Trust accounts	98,452,166			98,452,166
Trustees of California State University	3,500	2,428,000		2,431,500
Total	565,369,370	5,284,000		570,653,370
Grand Total	\$16,812,069,760	\$22,688,628,395	\$1,859,700,111	\$41,360,398,266

The accompanying notes are an integral part of this statement.

**NOTES TO THE STATEMENT  
OF SECURITY ACCOUNTABILITY OF THE STATE TREASURER**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Securities Accounted For

The State Treasurer is responsible for the safekeeping of all securities owned by or pledged to the State except the University of California. The Statement of Security Accountability provides an accountability for securities held by the State Treasurer for safekeeping. These securities include the following:

- (1) Pooled Money Investment Account securities purchased with available cash from all state funds or accounts that do not have investment authority of their own, all or a portion of the available cash from state funds or accounts having investment authority of their own, state deposits that have not been credited to specific funds in the State Treasury, and balances representing outstanding state warrants;
- (2) Individual state accounts;
- (3) Pledges to secure investments of the Pooled Money Investment Account;
- (4) Pledges to secure bank and savings and loan deposits of the State of California;
- (5) Miscellaneous pledges to protect consumers, guarantee contractor performance, and insure payment of state taxes; and
- (6) General safekeeping accounts.

B. Valuation of Securities

The Statement of Security Accountability is not intended to provide a valuation at book or market value of the securities held by the State Treasurer.

The securities are valued in the Statement of Security Accountability as follows:

- Bonds, commercial paper, certificates of deposit, and surety bonds--par or face value;



- Stock certificates, Government National Mortgage Association certificates, Federal National Mortgage Association certificates, and Federal Home Loan Mortgage Corporation certificates--\$1.00 per item;
- Real estate mortgage notes held as investments of individual state accounts--\$1.00 each;
- Real estate mortgage notes held as pledges to secure bank and savings and loan deposits--outstanding principal balance;
- Securities deposited with trust companies--face value; and
- Building certificates--outstanding principal balance.

## 2. POOLED MONEY INVESTMENT ACCOUNT SECURITIES

The Pooled Money Investment Account securities were valued at \$10,705,591,215 according to the method described in Note 1B; they were reported at book value of \$8,565,438,108 in an affidavit filed by the Auditor General on January 10, 1985. The difference results from different methods of valuation.

Cash on hand, demand deposits in banks, cash deposited with fiscal agents, nonnegotiable certificates of deposit with banks and savings and loan associations, and amounts due from banks, totalling \$895,539,453, are not included in the Statement of Security Accountability. These amounts are reported as "money and credit" in the affidavit filed by the Office of the Auditor General on January 10, 1985, pursuant to Sections 13297 and 13298 of the Government Code.

## 3. POOLED MONEY INVESTMENT ACCOUNT REVERSE REPURCHASE AGREEMENTS

Pooled Money Investment Account securities with a total par value of \$1,827,829,932 were sold by the State Treasurer under agreements to repurchase the securities at predetermined dates and prices. During the terms of the agreements, the securities are held by the buyers, but all risks of ownership are retained by the State Treasurer.

#### 4. OTHER PERSONAL PROPERTY

In addition to depositing securities, state agencies also deposit other personal property in the State Treasurer's vault. The following schedule lists entities having personal property in the vault as of June 30, 1984.

<u>Entity</u>	<u>Number of Items</u>
California Pollution Control Financing Authority	1
Department of Developmental Services	9
Emergency Stock - Agency Trust Checks	48,500
Department of Housing and Community Development	52
Department of Motor Vehicles	559
State Controller	92
State Treasurer	<u>11</u>
Total	<u>49,224</u>

Each item or sealed package of personal property is counted individually. Personal property is excluded from the Statement of Security Accountability.

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
State Controller  
Legislative Analyst  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
Capitol Press Corps